

Message Text

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ACTION L-01

INFO OCT-01 SS-14 ISO-00 ARA-06 EB-03 INR-05 CIAE-00 NSC-05

NSCE-00 TRSE-00 OES-01 SP-02 H-01 SSO-00 INRE-00 /039 W

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FM AMEMBASSY QUITO

TO SECSTATE WASHDC NIACT IMMEDIATE 1774

C O N F I D E N T I A L QUITO 7086

LIMDIS

FOR L - STEVE SCHWEBEL; ARA - JOSEPH GRUNWALD AND ANTHONY
ALLITTO; AND EB - SMITH

E.O. 11652: GDS

TAGS: ENRG PFOR EC

SUBJECT: GULF-GOE DISPUTE

REF: STATE 242904

1. WE HAVE PREPARED THE NOTE AS PER PARA 4 REFTEL. I
EXPECT TO DELIVER NOTE TO MINISTER ROBALINO THIS EVENING
IN EXCHANGE FOR THE SIGNED GOE MEMORANDUM OF ASSURANCES.

2. REGARDING THE QUESTION OF THE ORAL COMMITMENTS (PARA 3
A, B, AND C) REFTEL PRESENT NO PROBLEM. I COULD NOT
HONESTLY ASSERT D HOWEVER. WHILE THESE POINTS WERE MADE
FORCEFULLY TO ROBALINO LAST NIGHT, HE DID NOT PROFFER ANY
ASSURANCES OF A SPECIFIC NATURE REGARDING THEM. I PROPOSE
THEREFORE TO DELETE YOUR POINT D FROM THE MEMORANDUM.

3. I WILL ATTEMPT TO CONSTRUE SOME GENERAL ASSURANCES THAT
I HAVE BEEN GIVEN BY POVEDA AND ROBALINO TO THE EFFECT THAT
THE GOE WILL PLAY FAIR DURING THE NEGOTIATIONS AS COVERING
THE SPECIFIC POINT RAISED BY SCHWEBEL WITH ME REGARDING
GULF'S FEARS THAT THE MINISTER OF NATURAL RESOURCES MIGHT
CHANGE THE LAWS DURING THE NEGOTIATIONS IN A MANNER TO
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PREJUDICE GULF'S NEGOTIATION POSITION. I THEREFORE PROPOSE

TO INCLUDE IN THE MEMORANDUM LANGUAGE TO THAT EFFECT AS A NEW POINT D. I WOULD NOT BE SURPRISED, HOWEVER, IF ROBALINO WERE TO BALK AT THIS POINT.

4. I HAVE DATED THE MEMORANDUM SEPT. 29, 1976. THIS, IN FACT, ACCURATELY REFLECTS THE IMPORTANCE OF THE ASSURANCES AS HAVING BEEN GIVEN PRIOR TO GULF'S HAVING MADE THE DEPOSIT. IT ALSO OBIVIATES THE NEED TO FIND LANGUAGE THAT BRINGS POINTS A AND B UP TO DATE (PARA 3 REFTEL).

5. I DO NOT INTEND TO PRESENT THIS AS A FORMAL AIDE MEMOIRE. I FEAR THAT TO DO SO WOULD NETTLE THE GOE AS IT WOULD EMPHASIZE THE FACT THAT I AM REDUCING THESE ASSURANCES TO WRITING BECAUSE OF CERTAIN LACK OF CONFIDENCE IN THE GOE'S WORD. I PREFER, THEREFORE, TO MAKE THIS AN INFORMAL MEMORANDUM TO THE RECORD AND TO GIVE ROBALINO A COURTESY COPY.

6. REGARDING THE QUESTION OF THE ARCO SUIT I WILL HAVE TO EXPLORE THE EXTENT OF THE GOE'S INSISTENCE ON THIS POINT. INASMUCH AS IT IS SOMETHING THAT HAS BEEN DRAGGED INTO THE CADUCITY NEGOTIATIONS AT THE VERY LAST MINUTE AND IN VIEW OF VARGAS' ASSURANCES THAT IT WOULD NOT BE AN ELEMENT IN THE CADUCITY PROBLEM AS REPORTED BY PARA 5A OF REFTEL, I AM HOPEFUL THAT I CAN GET ROBALINO TO DROP THE ISSUE OF THE ARCO SUIT ALTOGETHER.

7. QUOTED BELOW IS THE MEMORANDUM TO THE RECORD REFERRED TO IN PARA 5. QUOTE TO: THE RECORD, FROM AMBASSADOR BLOOMFIELD, SUBJECT: GULF-GOE DISPUTE, DATE: SEPTEMBER 29, 1976. THE GOVERNMENT OF ECUADOR HAS MADE THE FOLLOWING ORAL COMMITMENTS TO ME IN REFERENCE TO ITS LETTER OF AUGUST 31, 1976 NOTIFYING THE ECUADOREAN GULF OIL COMPANY OF THE COMPANY'S VIOLATION OF ARTICLE 74 OF THE HYDROCARBONS LAW:

A) THE GOVERNMENT OF ECUADOR WILL WITHDRAW THE CADUCITY NOTIFICATION AND GIVE THE UNITED STATES GOVERNMENT AN OFFICIAL MEMORANDUM STIPULATING THE CRITERIA TO BE USED IN THE GOE'S PURCHASE OF GULF'S ASSETS IN ECUADOR IMMEDIATELY UPON RECEIPT OF NOTIFICATION FROM CITIBANK IN NEW YORK TO THE CENTRAL BANK OF ECUADOR THAT GULF
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HAS DEPOSITED \$25.8 MILLION FOR CREDIT TO THE ACCOUNT OF THE CENTRAL BANK.

B) THE GOVERNMENT OF ECUADOR AGREES TO CREDIT GULF'S PAYMENT OF \$27.1 MILLION IN ADVANCE DEPOSITS AGAINST GULF'S UNPAID DEPOSITS OF \$52.9 MILLION.

C. THE GOVERNMENT OF ECUADOR AGREES TO MAINTAIN IN FORCE

MONETARY BOARD REGULATION 814 FOR THE DURATION OF THE
NEGOTIATIONS BETWEEN THE GOVERNMENT OF ECUADOR AND THE
ECUADOREAN GULF OIL COMPANY.

D) THE GOE DOES NOT INTEND TO CHANGE THE LAWS IN A MANNER
WHICH WOULD MATERIALLY PREJUDICE GULF'S NEGOTIATING
POSITION AS OF THE TIME OF THE GOE'S MEMORANDUM OF
ASSURANCES. END QUOTE.
BLOOMFIELD

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